

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1042 - SB 1586

February 27, 2021

SUMMARY OF BILL: Authorizes a county that borders at least three distressed rural counties for at least three fiscal years since FY16-17 to receive an allocation of the state sales and use tax for commercial development districts (CDD).

ESTIMATED FISCAL IMPACT:

Foregone State Revenue - \$452,800/FY21-22 and Subsequent Years

Increase Local Revenue - \$452,800/FY21-22 and Subsequent Years

Assumptions:

- According to the Department of Revenue, the annual allocation per CDD was \$113,191 in FY19-20, and this legislation will allow four new potential CDDs.
- It is assumed that all eligible counties would apply for and receive CDD status.
- Pursuant to Tenn. Code Ann. § 67-6-104(f), all CDD allocations must be done in the best interest of the state. Best interest of the state means a determination by the Commissioners of Finance and Administration, Revenue, and Economic and Community Development that the CDD is a result of the tax revenue allocation and that the economic benefits to the state resulting from the CDD outweigh the anticipated amount of the tax revenue allocation. Therefore, any fiscal impact to state revenue is considered to be foregone.
- The recurring foregone state revenue and corresponding increase in local revenue is estimated to be \$452,764 (\$113,191 x 4 counties) in FY21-22 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic".

Bojan Savic, Interim Executive Director

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